SIMPSON PROJECT
EL 23901
EL 23902

ANNUAL AND FINAL TECHNICAL REPORT FOR
THE PERIOD 16th February 2004 to 15th February 2005

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MAP REFERENCE:
HALE RIVER 250K – SG53/3
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SUMMARY

This annual report describes all work carried out by Mithril Resources on EL 23901 and EL 23902 during the annual period ended 15th February 2005.

Work completed in the two tenements during the reporting period included:

- Review of existing data,
- Consultation with the CLC and Native Title Claimants,
- Modelling of aeromagnetic anomalies

This work suggests that the bodies causing the magnetic anomalies in the Hale River area are at depths in excess of 120m, which presents sufficient problems to conventional exploration. This coupled with the remoteness of the area led to the relinquishment of the project.
INTRODUCTION

The North and South Simpson Project tenements (EL 23901, EL23902) are located approximately 180km east of Alice Springs. They are 418 and 192 square kilometers in area respectively, and were granted on 16/02/04 to Mithril Resources to explore and develop nickel sulphide deposits, figure 1.

Figure 1: Topographic map of part of central Australia, with roads and towns annotated. Simpson project Tenements are the green filled polygons.

Figure 2: Simpson Project Tenements (top and central yellow boxes) overlain on the aeromagnetic data acquired by the Northern Territory Geological Survey. Site locations are shown in red.
EXPLORATION WORK COMPLETED

After a detailed review of the available data, Mithril Resources modelled magnetic bodies from aeromagnetic data acquired by the Northern Territory Geological Survey to determine the depth to top of the magnetic source (figure 2). The anomalies chosen for modeling were scattered across the tenement area. The modelling results for sites 1, 4, 6, 12, and 14, are presented below and suggest the presence of tabular magnetic bodies of various size, orientation and depth below surface (Fig. 3-7).

Modelling results

Site 1  (634840E, 7331299N, Line 102150)
Modelled depth to top of magnetic source:  152m below surface.
Modelled magnetic susceptibility:  0.045 SI

Figure 2.

Site 4  (642432E, 7321512N, Line 102340)
Modelled depth to top of magnetic source:  126m below surface.
Modelled magnetic susceptibility:  0.025 SI

Figure 3.

Site 6  (631222E, 7320465N, Line 102061)
Modelled depth to top of magnetic source: 167m below surface.
Modelled magnetic susceptibility: 0.125 SI

Figure 4.

Site 12 (651253E, 7317857N, Line 102560)
Modelled depth to top of magnetic source: 140m below surface.
Modelled magnetic susceptibility: 0.069 SI

Figure 5.

Site 14 (646055E, 73297641N, Line 102430)
Modelled depth to top of magnetic source: 130m below surface.
Modelled magnetic susceptibility: 0.048 SI

Figure 6.

SUMMARY AND CONCLUSIONS

From this geophysical modelling, it appears the bodies producing the magnetic anomalies in the Simpson area are at sufficient depth to present problems for conventional exploration such as airborne EM and surface geochemistry. Modelled depths to basement consistent with the magnetic data indicate greater than 120 metres, suggesting that conventional geochemical techniques would be ineffective, and that airborne geophysics (specifically airborne EM) would have limited applicability. Furthermore, the remoteness of the area would have prohibited drill rig access.

The combination of these problems restrict the options for future exploration in the Simpson Project tenements, to the extent that the exploration licenses EL 23901 and EL 23902 were relinquished as of 15/02/05.
EXPENDITURE

Project expenditure for the year ended 15 February 2005 totals **$23,034** (Table 1)

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<th>Amount</th>
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<tr>
<td>Geophysical Expenses</td>
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<td>Field Expenses</td>
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<td>Maps &amp; Drafting</td>
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<td><strong>TOTAL COSTS</strong></td>
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Table 1: EL23901/EL23902 expenditure details